EXHIBIT 2

Finance Committee Meeting
November 13, 2001
Attendees: Chair Diane Messick
Gary Hawthorne, Perry Turnbull, Guy Disimplico

For easy accessibility, a folder or directory needs creating to hold the projections etc. called Marketing/Finance, whereby those directly involved can update information more readily.

Assumptions:
Loan assumptions previously addressed.
Guy will double check formulas to is if active
School funding rate will stay the same a 67% target. By April 1st we'd like 20% of business in Flex Fund which would lower 1 point of school funding. This will affect the gain. The concern with Flex Funding is over ramping it and affecting the cash flow negatively. The projection at 67% in April needs decreasing to 66%.

Assumption of delinquencies: actual and target rates.
Looked at actual of 46% and a target of 19%. Net % is still running below were we are so currently we are applying more forbearance. Assumptions changed which will result in defaults. Defaults currently are running over the projections in the deals. Projections come from cash flow models. Diane will send Gary the cash flow file showing cumulatively where it should be. Any loans in the 60-day bucket that does not have forbearance applied to it or some kind of payment will hit the 90-day bucket and go default, meeting the claims criteria.

One of the strategies we hoped to employ to increase the cash flow is to allow more to go to default based on less forbearance. Currently, where we stand with the defaults in the deals there is no room for that. Defaults will hit us if defaults are higher even though they are in the deals with 15% reserve on Royal. We assume that we will get that back at the end of the deal. If we start hitting it hard with defaults we will need to build reserves and lower our gain number. That will squeeze the gain percentage, part of that gain will need to be set aside for future defaults.

The assumption is that we exceed the projected defaults but are not dipping into the reserves yet. The consequences of going into reserve will affect income. The 15 % is booked as a due-to. (Due-to, due-from). This wipes out so it doesn't hit the balance sheet at all. We get that money back at some point. If it starts getting hit hard with losses and it looks like it will deplete and we won't get 15% of the original amount back, Diane will need to build a reserve against the gain from day one. The 17 ½ is the discount minus the expenses for parts of the deals.

Diane will include the actual to projections in next finance committee report. Guy would like to see the models before hand. Actual mean what is going to default.

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Assumption: The amount that goes to default. 6%. It changes based upon the year of the deal. (Repurchase rate) This is tied to experience account. We need to keep in mind and build into this, and it wasn't build into last year because we aged things longer before we put them in deals, we have to repurchase withdrawals. We have to do that with cash out of the deals since these are only 30 days old and some of them are going into the deals . We need to keep withdrawals in there too as cash use. That's why Diane kept the 6%.

Guy suggested breaking out the withdrawals separately. Hold the 6% steady with all back deals. Diane will check the experience accounts and see what is left on those. She will advise Guy if the number changes and to what. Then put withdrawal purchases on the separate one, new ABS at 3%. Guy will do a quire to define what that percentage is after 30 days.

Assumption: RSA reserves. That has changed, there is an additional 5% tacked on for any month we assign more that $25M. First occurrence in Oct/Nov. The tact in November was that the $40M from SWH was earlier originations so it doesn't count. All those loans are going to securitization anyways and it goes to 12 ½..

Diane suggests projecting the deals at a zero, break-even. Zero is the net cash flow back based on the 15% up to the 20%. Diane plugs the 5% in. Disregard the 2 ½% and net and also disregard the $100 for the Royal premium going out. We are going to get money back. It was agreed that the ½ % would be left in. Taking into consideration the new rating will help too.

Joe Domal has not returned Diane's' call. **The committee agreed to roll him out.**

App fees increased to $200 in February.

Items tracked are: average loan, post funding withdrawals, application fees, school disbursements. forbearance, repurchase rate, WAC.

Question: Based on some of those changes will GAAP earnings go up a little?
Answer: GAAP might increase a little on school funding unless we decide that forbearance will be needed for forbearance based on targeted delinquencies and defaults.
Question: Are we far enough along, talking about forbearance, that if we exclude using the reserve based upon the dialogue we had earlier with some of the programs in terms of reducing the level of forbearance for cash flow?
Answer: Undetermined at this time.

Take 600 delinquent borrowers per month, assume their payment is $150.00 per month equals =$90,000 and do that every month and circulate them into performing loans, for one year, you would have $1M per month that we are not making forbearance payments on. This is just a random number. Diane will send Guy all the delinquency histories to defaults to build a model to project it. Marketing can set a target to see what we want

from the placement issue. As we show and increase in placements, there should be a decrease in forbearance.

Prior to sending out the GAAP projections to Andrew with all changes, Perry requested that the committee review the numbers one more time.

There is a good possibility that some of the new employee benefits might be cut until next year.

Diane will get Guy the rent adjustments: 1st floor should be gone by December, all next year. 4th floor by second quarter next year April 1st. The balance of the 3rd floor will run $5,000 a month, the balance of the 3rd floor.
Diane will run numbers today for Guy and get October actual tomorrow. 4th floor rent, and projected defaults.

U.B. S. Paine Webber appears to be moving rapidly. They are looking at the probability of increasing the dollar amount and the size of the transaction where we can put new loans directly in without replacing existing ones, floating deal structure. This feature will resolve the dependencies on warehousing. Keep in mind that when that structure takes place our withdrawals are going to pop up in the repurchases. We will end up repurchasing 6% to 7%.

Diane will get a confidentially agreement from Rod for Pain Webber in light of their involvement with Franklin.

Moody's shadow rating on the current deal, we are going back to get the 82. Still looking for letter from Moody's.

Eric discovered a static pool omission. This is something that Scott believes should be released to our investors. Eric found more 1998 defaults after we told everyone there were no more defaults for the FDIC. The explanation is that we have repurchased those loans and we've gone back and put our default criteria to them vs. when they were at the FDIC. Scott said that is totally valid.

McGladery is behind on their audit due to being pulled by other companies with more demanding deadlines. Diane mentioned her continual disappointment with their inability to meet our deadlines. SEC completion date is March 31,

Projections. We should be getting some input from McGladery within the next couple of weeks concerning non-performing loan sales. There is about $21M out there that meets our criteria so far in different categories. We should have some input with in the next couple of weeks at the most.

Question: Have our recoveries increased based on some of the thinks we've done such as law suits, credit reports? Diane mentioned that from her end, that information is not reported. This is something to discuss with IT committee. We need to begin charging

these things off similar to regular companies and be able to report the recoveries. The only recoveries that Diane gets are the things that go default in the deals that are paid from the excess spread. If it's paid for from the experienced account we bought that defaulted loan back, the reporting stops on the deals.

Eric has begun to set up recording as part of the McGladery static pool project. They are looking at gross defaults. Recoveries are defined as payments received after claims, then net defaults.